

Competitiveness of the Crafts and Artisanal Cluster in Namibia

Submitted to



U.S. Agency for International Development

**Small and Medium Enterprise Competitiveness Enhancement Program (SMECEP)
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Presentation and Overview of the Cluster

This report is was prepared by Ms. Elaine Belleza with editorial and analytical assistance from Dr. Andrew G. Keeler as consultants to the ***Small and Medium Enterprise Competitiveness Enhancement Program***, which is being implemented by Sigma One Corporation under contract with USAID/Namibia. Mr. William Talvitie contributed technical information regarding the woodworking enterprises in Namibia. This document is a contribution to the competitiveness analyses of selected industrial clusters in Namibia. The purposes of these analyses are to provide guidance for the implementation of the ***Small and Medium Enterprise Competitiveness Enhancement Program*** with a particular view toward identifying opportunities for increased entrepreneurial participation by small and medium enterprises (SMEs) in Namibia. The fieldwork for this report was undertaken in Namibia in May/June 2002 by Ms. Belleza and in September 2002 by Mr. Talvitie.

The analysis was undertaken within the Cluster Competitiveness Framework (Porter, 1990) as a means for organizing the fact-finding efforts and the presentation of this report¹. Within this framework, clusters of interconnected firms and their suppliers, related industries, and supporting institutions can gain competitive advantage in markets through their cooperation within an environment of firm-level competition.

Porter has posited four major determinants of cluster competitiveness, which he depicts graphically as the vertices of a “Diamond”. The four primary determinants of competitiveness are ***Factor Conditions, Demand Conditions (Markets), Related and Supporting Industries (Cluster Foundations), and the Firms’ Structure and Strategies***. Factor conditions are the human resources, material inputs and knowledge used in producing the products and services within the individual firms in the cluster. Demand conditions are given to the individual firms and the cluster by conditions in the market place as a function of what the firms’ customers want (volumes, attributes, quality and timing) and what they are willing to pay in the presence of alternative offerings from competing firms. Cluster foundations are determined by the backward and forward linkages of firms to their suppliers, logistic systems and the physical and institutional infrastructure that supports the firms within a given cluster. An important element within the cluster foundations is the degree to which firms within a cluster collaborate through formal (or informal) means (e.g. business associations or informal gatherings) to address common problems that are external to the manageable interests of individual firms, such as petitioning governments for specific regulatory support (private/public dialogue).

The report consists of five sections of which four present the information related to the four primary determinants of competitiveness (the Porter Diamond). The final section presents information about the potential role of the Small and Medium Enterprise Competitiveness Enhancement Program to assist Namibian small and medium-scale entrepreneurs within the cluster to become more competitive and to improve their prospects for job creation and income growth.

Namibia’s artisanal cluster represents a unique and important opportunity. It is this cluster that offers many of Namibia’s least advantaged citizens the opportunity to turn their skills into income. These individuals may have little formal education or business experience, but they do possess artisanal skills that have taken years of work to acquire. Such skills cannot be easily duplicated, and

¹ Porter, Michael E. (1990). ***Competitive Advantage of Nations***. The Free Press, Glencoe, Illinois and New York.

they can be used to produce artifacts that are competitive in both international and domestic markets. It is through capitalizing on these skills that many Namibians can enter the modern marketplace on terms that are advantageous in terms of income and in terms of dignity and independence.

The crafts and artisanal cluster has great potential, because many Namibian artisanal products are already competitive in the international markets for crafts, gifts and home accessories. There are several key challenges in this cluster, but solutions for the cluster's constraints depend on identifying and nurturing entrepreneurs that can efficiently facilitate the flow of products from artisans to buyers and the flow of market information from buyers to artisans. The cluster's competitiveness will be further enhanced through improvements in the business-to-business linkages, both horizontally across individual firms and vertically from individual producers to intermediaries and distributors along the supply chain to markets—local and international.

The principal constraints are at the level of the enterprises and the firm-to-firm transactions and the current lack of linkages. The role for government and for public/private dialogue is minimal for this cluster, except that there are important sustainability issues regarding the harvesting of raw materials from the forests and other natural flora of Namibia. In this aspect, the government's regulatory role in managing the sustainable extraction of these natural resources is vital.

Firms' Structure and Strategies

There are two key types of firms in the cluster: crafts persons that produce the products under generally rustic conditions in traditional settings and market intermediaries. This section presents these two important types of firms and their specific functions within the cluster. One major characteristic of these firms from the cluster perspective is that producers tend to be scattered throughout rural areas, because craft making is generally an ancillary source of family incomes, whereas vendors and intermediaries tend to cluster at key intersections of heavy traffic flow, whether in urban areas or along major highways. Except for these aspects the firms all tend to be generally poorly linked among and between these two classes of firms. As such, the structure of the cluster is not currently a major source of competitiveness for the individual firms or the cluster as a whole.

FIRMS - People making it happen

- Small-scale enterprises employing family
- Groups of producers organized into production units, such as cooperatives
- Small commercial workshops headed by master artisan with a few workers
- Larger commercial business with numbers of employees and some outsourcing
- Semi-industrial production units, geared to larger volumes

Cluster is constituted by predominantly Small-scale Enterprises working alone!

Nature and Scope of Artisanal Producers

Producers of artisanal products in Namibia most often work alone or in small family units. Sometimes there are community organizations or other influences that help form them into groups. Many of them are women, and many have few alternatives for generating monetary income, particularly without leaving their home regions. Many Namibians possess particular skills that are essential for the production of competitive artisanal products, although these skills will often need to be channeled into products suited to the target market. For example, the basket making skills are of very high quality and take years to learn. Most girls begin learning these skills as children. This is true for the other identified segments, including wood, embroidery, etc. These are skills that Namibians should be proud of and which are highly valued and at a premium in industrialized countries.

Producers of Crafts

The products being crafted by Namibia's artisans have strong potential to enter one if not all of the three relevant target markets: local, tourist and export. Some products are market ready as they are; others need some improvement while others need more intense product development. Our

assessment is that product development inputs would improve an already solid product base. Namibian products are not now highly valued within Namibia itself and are often given less space in retail establishments than competing imports. Developing well designed upscale products not seen anywhere else in the region is a necessary step for Namibian products to gain local market access.

Namibian artisans produce a range of products. Table 1 is appended at the end of this report and lists those products that are currently ready, or very close to ready, to compete in relevant output markets. Table 2 lists those that are not currently competitive, but could be made competitive with appropriate design improvements and other technical inputs. There are other products currently produced (for example, village pottery which is fired at low temperatures), which are not competitive in most markets. As can be seen from the table, many regions of the country present opportunities for increased entrepreneurial activity in the cluster.

Woodworking Enterprises

Woodworking enterprises constitute the greater part of the cluster. These enterprises range from single carvings of rustic artifacts to relatively more modern cabinetmakers for urban construction. As such, this segment of the market is a central focus of this report.

Good quality woodcrafts including hand carved sculptures, bowls, trays, decorative containers, serving accessories, small implements, objects made for personal adornment, and decorative relief carvings are plentiful in Windhoek and markets elsewhere in Namibia. Many of these products are also focused on the tourist market, but few are focused on the export market. Most of these wooden craft items are made in the Northern areas of Rundu, and Caprivi, where both forests and carvers are located.

Objects available for sale in the Windhoek outdoor markets that have potential for use as models for scaling up production to export volumes and some selected pieces could serve as decoration in upscale lodges. Some of the handcrafts can be exported for sale as they are. Based on digital photos, one African crafts retailer/wholesaler in the U.S. expressed interest in many of the Namibian small carvings and bowls. This would indicate there is a basis for establishing relationships with producers through orders of existing designs simultaneously with product refinement or development.

Hand crafted furniture and accessory objects made from local wood (primarily Kiatt or Dolfwood) include tables, chairs, chests, stands, boxes and implements. There is little use of powered equipment in the production shops and hand tools are used for most of the cutting, shaping, and jointing of their work. In Rundu one of two shops has many joiners (carpenters) sharing a large building in a cooperative arrangement, and the other has a single joiner with an assistant working in a small building. Many pieces are decorated with chip carving patterns and/or relief carvings, mostly of animals. These shops are marginally involved with commercial work if at all, and their identified market is very limited. They get orders as they come and large pieces often go unsold for a long time.

There are perhaps over 100 small woodworking shops in Windhoek, alone, using light industrial powered equipment to make cabinetry and fixtures for homes and businesses. They are connected to customers via word of mouth, as they do not advertise and probably depend more on commercial

subcontracting than on direct sales to private clients. As the commercial sectors in Namibia grow, there will be an increasing demand for cabinets and store fixtures. As a wealthier middle class increases there will be desire for nicer furnishings, built-ins, and storage cabinets. Therefore, if the small shops can survive and improve, they can expand with this increase in demand. These small shop owners are getting entrepreneurial experience in the “trial by fire” that every small business owner must survive and they are potentially preparing for other and larger challenges.

Such shops might employ from two to 20 workers, and some of these workers have many years experience in a single shop. The quality of work from these shops is similar to small shops in the U.S. or in Europe. Wage rates appear to be low, perhaps due to limited markets, but also lack of training to allow workers to produce to higher standards, which would allow them to compete with items imported from South Africa.

There are also related business opportunities for woodworking entrepreneurs in supplying the construction industry; these opportunities include installations of cabinetry and fixtures, countertop production, flooring, tile work, and mechanical trades. In the USA, cabinet companies often outsource components like drawer boxes and doors, carved parts, hardware, glass, and interior fittings. This creates a network of related businesses, a model that can also work in Namibia, which would become more successful as the demand increases and the Namibian woodworking enterprises demonstrate that they can compete with products and craft persons brought from South Africa.

An offshoot of the home and office cabinetry business is countertop production. Shops producing countertops from high-pressure laminates, composite solid surface materials like Dupont’s Corian, ceramic tile, granite and/ or limestone, and poured concrete will be needed as local demand for these items grows. Some lodges have significant on-site installations of woodwork using high levels of quality and design. Restaurants and bars often want unusual and attractive on-site woodworking and countertops to create a unique atmosphere. With the growth of tourism there will be more opportunities for this kind of work, which will go to those with the skills required to perform it well.

Woodworking tends to be a large field of many small businesses. The variety of product demands and techniques for producing them tends to dictate this. Often these businesses seem to survive on the determination of the people that run them. But they do often survive, and therefore, they provide training ground, employment, and multiple opportunities for determined individuals to become independent business owners.

Nature and Scope of Artisanal SMEs: Market Intermediaries

In successful African artisanal markets, the driving commercial force is a dynamic intermediary segment within the cluster. This segment serves two essential functions. The first is the function of moving products from producers to commercial centers. In any kind of market, this intermediary segment serves and expands existing markets and also seeks out new markets. It then delivers those products in a way that meets the market’s need for specified quality and characteristics, delivered at agreed-upon prices, at the time and place that meets the buyer’s needs.

Intermediaries serve a second critical function in artisanal markets. They communicate what buyers' want back from producers. The artisanal market is very particular about product characteristics and it is also constantly changing. Knowing how to design and manufacture products that buyers in other countries desire highly enough to pay good prices is a difficult challenge for artisanal producers that will never travel to those countries nor see and talk to the buyers. Market intermediaries are the primary means of providing information about product design and workmanship to artisanal producers. Even when international buyers make visits to producing countries, their time is limited and they prefer to communicate their requirements through a single competent market intermediary.

Market Intermediaries: The Backbone of Export Sales

- **A number of private sector and non-profit retail outlets that are serving as market intermediaries and doing some small scale exporting.**
- **Some products are being moved by informal intermediaries around Namibia and to South Africa.**

Need to strengthen market intermediaries and their capacity to manage backward linkages to producers and forward linkages to international buyers.

Need to develop sound systems of distribution, quality control, inventory, pricing and costing, and export marketing.

While NGOs and aid projects can and have played important roles as intermediaries, our experience is that a thriving and sustainable artisanal cluster requires a dynamic entrepreneurial marketing system. A common mistake that most artisanal development projects have made is their attempt to eliminate the “middleman” and to bring producers directly to international markets. This has resulted in NGOs assuming a commercial function that they implicitly subsidize, resulting in unsustainable market situations not based on commercial realities. It also tends to result in a lack of aggressive pursuit of new markets and new products.

The Namibian artisanal cluster in large part lacks entrepreneurial market intermediaries. In the course of the fieldwork, few of the individual firms met such a profile. Most retail vendors are members of the extended family of the producers and not truly commercial enterprises. The NGOs in the cluster have done an impressive and commendable job of helping Namibian artisans find markets. However, without the emergence of private intermediaries as key SMEs, there is little hope for significant growth or access to international markets.

The greatest constraint for the artisanal cluster is the lack of a viable distribution system and good merchandising techniques. For example, it seems that exporting of artisanal products is more on an informal basis and few fully dedicated exporters of Namibian made artisanal products exist. In addition very few Namibian artisanal products are being sold in the local tourist market, beyond the products on offer at key intersections and at the craft market in Windhoek. Namibian retailers generally view domestic artisanal products as not only inferior but also difficult to obtain in a timely and predictable way. In order to overcome this weakness, buying and selling products must be very efficient and easy, products must be reasonably priced and the distribution system must be organized along commercial practices of dedicated, rather than informal enterprises.

Not-for-profit NGOs and some commercial concerns have partially filled this gap. For example, Mud Hut Trading, an NGO sponsored by the Rossing Foundation, plays an extremely important role in the market for baskets and other products, providing both market access and design services to artisans. Two other NGOs, Casa Anin and Penduka, both manufacture and market embroidered textiles. Several facilities manufacture carpets and then sell them. These NGOs have contributed significantly to providing the market channels that currently exist. The cluster will need more and highly competitive private entrepreneurs as intermediaries to achieve its potential.

Demand Conditions (Markets)

Artisanal producers in Namibia do not have very good access to, and information about, markets for their products. Before markets can be profitably exploited, products must be geared to that market, capacity must be strong enough to be able to meet initial demand, and a system of distribution must be in place to bring product from producer to market. Pricing must also be in line with market norms.

Often when producers are accustomed to tourist or retail markets, they find it difficult to adjust to the stringent demands and reduced pricing of export market intermediaries (exporters). In most situations it is the exporter or agent who negotiates pricing, manages quality control, and organizes shipping. This agency role is the weakest link in the Namibian distribution chain for crafts and artisanal products.

Three Distinct Markets: Local, Tourist and Export

There are three markets for crafts and other artisanal products, such as gift items and home accessories: the Tourist Market, the Local Market and the Export Market. Southern Africa, as a regional marketing opportunity, is consciously excluded, because Namibia needs to establish a strong identity in the international market. Currently those items from Namibia that enter the regional market are often re-labeled as if they were from the country in which they are sold at retail, e.g., South Africa. If Namibian products, especially those that have required hard work to develop as uniquely Namibian, enter the regional market before Namibia can exhibit them in global markets, then the products will be absorbed by regional markets and resold as from that market or reproduced and marketed as from a neighboring country. This is an especially delicate situation in the southern African region where raw materials and skills are similar throughout the region. The Namibian products will flow into the region, but it is not wise for Namibians to pro-actively market within the region until a clear identity has been established for Namibian products. In fact, as Namibia develops a reputation for high quality

How to Reach Three Distinct Markets

International Markets

Fact: Namibia has well-designed products that are ready for export.

Strategy: Product lines need be expanded and distribution systems need to be improved to meet international standards and attract buyers.

Tourist Markets

Fact: Namibia has enough tourists with a buying power strong enough to significantly impact producers' sales revenues.

Strategy: Systems and selling venues need be developed to move Namibian-made products into high-end tourist markets.

Local Markets

Fact: Namibian Lodges and Restaurants are purchasing some Namibian made accessories and furniture.

Strategy: Products, distribution and merchandising need to be improved so that Namibian businesses will purchase more of their décor from local producers.

products, it is likely that products will flow into Namibia from neighboring countries to be transshipped by Namibian intermediaries and exporters. This would be an additional source of value accruing to Namibian SMEs.

There is currently an established, though small, tourist market for artisanal products in Namibia. There are four major problems with the tourist crafts market:

- Gift Shops are often not located in high profile tourist locations, such as lodges.
- There is no system of distribution to facilitate the flow of Namibian products.
- Gift Shops carry mostly imported products from neighboring countries.
- Gift shops in large part carry souvenirs that appeal to the lowest rung of gift buying, rather than well-designed up-scale products.

Tourism is the selling of an experience, and most tourists want more than photos as mementos of their trips. Most want to bring home “a piece” of the country they visited with them. Many tourists want to purchase beautiful products as part of their experience. Outside of baskets, few products in Namibia that are Namibian-made merit the identity as a high quality memento.

The primary target for selling through the local retail market would be hotels and lodges. Products geared for this market could include mirror frames, accessory furniture, lamps, chairs, wastebaskets, etc. Price points must be competitive and products must be of good design and high quality, made to last. Tourist lodges could be encouraged to make the hotels more of a Namibian Experience by having locally made products available for sale in their shops and as basic decoration and furnishings. Currently, most of these products are imported from South Africa.

Nicer lodges, restaurants, and private homes are potential markets for furniture made from Namibian hardwoods. There is also a market for designs made elsewhere in Africa of the same woods that can inspire design of new products in Namibia. Many local niche markets beyond handicrafts are also available to woodworkers:

- Caskets
- Musical instruments
- Kitchen implements
- Wooden shutters
- Specialty entry doors
- Upscale small production run furniture
- Wooden knobs and cabinet accessories
- Tool handles
- Wooden signs
- Reproductions
- Antique repairs and refinishing
- Staircases and railings

Many furniture stores sell factory-produced items from the RSA in towns in Namibia. The products sold have no local character. This is an open field for expansion of business ownership and increased employment at many levels. Multiple shops can be and are involved in large or complex projects. For example, one shop may be well equipped for veneering, and therefore may be

contracted to produce veneered parts by another shop that incorporates them into the final product. Established quality and training standards makes this kind of interactive production possible and reduces the size requirement of any given shop.

International Markets: the Key to Growth and Job Creation

International wholesale buyers can provide some of the more sustainable markets for the crafts and artisanal products made in Namibia. Importers in a rich country in the Northern Hemisphere invest a great deal of time and effort, as well as taking risks, in moving into a new country, and generally want to continue the business relationships for a long period of time. Their entry into a “new” country to develop a source of products is a step-by-step process. They market test products, put photos of products in expensive printed catalogs and build client confidence in new product lines. Only as the “new” country’s capacity for volume, quality and reliability is established, will they actively promote the products from the “new” country. Namibia is a new country in all aspects regarding the international markets for artisanal products. This step-by-step approach is one of the best ways for achieving sustainable growth in jobs and incomes for Namibian SMEs in the artisanal cluster.

The infographic is titled "International Markets" in a large, bold, white font with a black outline, centered at the top. Below the title, the content is divided into two columns: "FACTS:" on the left and "OPPORTUNITIES:" on the right. Both columns list four bullet points in yellow text. The background is a solid dark red color.

FACTS:	OPPORTUNITIES:
• In high income countries hand-made items constitute the high end of the market	• Namibia can supply high-end products to high income countries
• Wholesale buyers often finance 50% upfront for most orders	• Exporters can minimize risk with buyer pre-financing
• Wholesale buyers prefer buying lines of inter-related products	• Exporters can sell greater numbers of products and in larger quantities
• Wholesale buyers make a single order representing many retail shops	• Sellers can service one large buyer rather than many individual buyers

Importers expectations are much stricter than for other markets. They need certain quantities of products that meet uniform standards, and receiving products on a timely basis is crucial. They will often visit countries from which they buy, but rarely for more than a few days, therefore they expect to work with one agent who will coordinate diverse orders and assume responsibility for quality control. Importers usually order many of one given style, and orders are repeated three to four times a year. They work within a given selling cycle that is often dominated by trade show cycles. Most trade shows are in Northern Hemisphere Summer (July/August) as precursors for the marketing season for gifts that is associated with Christmas, and just after the first of the year in preparation of the Spring/Summer marketing season for home accessories. For many wholesalers, trade shows and follow-ups from the shows constitute a major portion of their entire sales each year.

Generally, an importer will first purchase samples from new suppliers (often two or three of each item) to show to potential clients at the trade shows or through direct sales. Products are usually marketed as product lines and so several related products are sampled. Samples are market tested in the trade show and usually it takes two to three shows (or one to two years) for clients to begin to feel comfortable with the product and to begin to purchase in quantity from a new source. A given product from a new source may not “take off” until nearly two years after it is first purchased as a sample. The positive side of this initial slow period is that it gives the producer time to begin building production capacity at a reasonable pace. It can be dangerous if a product line is too popular too soon after introduction into the market, because the producer can have serious problems with production and order fulfillment. Yet, the best way to build production capacity is through increased demand. The main target must be buyers who do not need large quantities at the outset and who know how to monitor sales to ensure sustainable future growth through repeat purchases.

The wholesale export market is one of the more positive avenues for enhancing competitiveness of the artisanal cluster, because it generates large sales for relatively fewer outputs by the exporter. Servicing 100 small orders to individual shops is a lot more time consuming and difficult than servicing an order of as many pieces for a single buyer. The downside is that the return for each item is lower, for the larger volume sale.

For the US importer, the general markup is from three to four times the F.O.B. price in the country of origin. The retail shop that purchases the product usually doubles it (if not more) so there is at least a seven-fold markup from Namibia FOB to retail consumer price in the destination market. This apparently high mark-up is needed to cover transport costs, marketing and promotional expenses, storage and packaging resources, financial costs of holding inventory, shrinkage losses to pilferage and damage in transit, and the risk that not all products will sell at the projected price-points in the destination market. Traditionally non-profit crafts projects have tried to eliminate the “middleman” and link producer to the international buyer. This often has not worked, because the exporter plays a key role in coordinating orders with diverse products, assuming financial responsibility and managing quality control, timeliness issues, and all the other operational risks.

Factor Conditions: Skills, Raw Materials and Entrepreneurship

There are three key sets of inputs into artisanal production in Namibia. The first and foremost is labor. Raw materials and entrepreneurship are also important, and of these the latter is in short supply. Within the realm of entrepreneurship, the constant search for markets and the product attributes that will keep customers buying is a key missing element. This implies a product cycle that begins with identifying market requirements, designing products to meet these demands and managing the production to supply-chain links to ensure that the clients' needs are constantly and reliably served. This cycle is crucial for artisanal production for export markets, because as one country develops a successful product for a given high value market, other similarly situated countries will copy the successful product and seek to compete on cost, alone. The truly competitive country must be poised to continuously innovate in product designs to improve and enhance their attributes so as to stay ahead of the competition.

Many producers are self-employed and acquire most of their basic skills through traditional cultural practices. There are others, such as embroidery, furniture crafting, and rug making that have been adapted from other countries but which have taken on a particularly Namibian quality. Artisans of this latter set of products have expended considerable effort and received training in acquiring new skills. For example, all woodworking is skilled work. The skills of carving and shaping a piece of solid wood are different than those of constructing a wood room, a kitchen, or a musical instrument, but they are related. At all levels of production, skills are involved in the accurate use of tools no matter how rustic these may be. Ultimately wood is being cut with sharp tools, and fundamental knowledge of this is necessary for producing a good product and for the workers' safety. Namibia's craft workers are skilled in traditional tools but not in the use of modern tools and equipment.

Raw Materials for Artisanal Products

The second set of inputs is raw materials. Namibian artisanal products use wood, reeds, leaves, roots, and hides as raw materials. Two of the most marketable product categories in Namibia are baskets and wood products, especially smaller utilitarian products, such as bowls, frames and boxes, as well as accessory furniture. For both these categories supply, sustainability, and environmental effects of expanded use of raw materials are questions that need further investigation. Supplies seem adequate for current production levels, but whether they would remain adequate and sustainable if this cluster reaches its growth potential must still be determined.

The supply of wood, the drying of wood and the sustainability of forest resources are issues that warrant special consideration as underlying factor conditions for the crafts and artisanal cluster. For example, in order to succeed in the international market with carvings and other wood products, wood needs to be properly dried, even for smaller products. The wood supply needs to be closely evaluated to determine the sustainability of growth in the cluster.

Wood Processing and Supply Issues

Dry wood is important to all woodworking production, although somewhat less so in small carved items. Small items are usually made of a single piece or plank. If they are not heavy or thick the carving reduces the wood enough that cracking becomes less likely, and in an arid climate they dry readily in their finished form. Deeper more three-dimensional objects are very likely to fracture,

especially in dense wood materials, because drying time increases dramatically with increased thickness and wood shrinks unevenly. The dry Namibian climate might even create a more uneven moisture gradient in large heavy objects; such conditions would cause splits and cracks in products that may otherwise be of high quality. Wood can have concealed stress cracks as well, which can open after fabrication. In massive carvings, cracks will tend to occur under any circumstances with dense woods. This is a problem also with deep bowls. All woods have different properties so some are less likely to crack used this way than others.

In furniture-making and construction of cabinetry, adequate and predictable drying is essential. Without it, problems arise after assembly even if the construction is based on sound principles because wood will always reach equilibrium with atmospheric humidity after construction and then will swell and shrink with changes thereafter. Wood doesn't shrink and expand uniformly but does so in width much more than in length.

The Namibian methods of air-drying of wood are effective if done methodically and the wood is stored properly in the exceptionally dry Namibian climate. The storage area has to be as dry as the ambient conditions where the products will be used. Again, due to Namibia's dry climate, this is practical, but it would be faster and more consistent for wood to be kiln dried to specified moisture content after initial air-drying, particularly if products are to be exported to Northern Hemisphere countries.

The harvesting and processing of hardwoods is done mostly by hand labor. The trees are pit sawn by hand, and therefore, uneven and considerable waste is involved in milling the lumber for use. The wood is rarely kept in "flitches" (sequential sections from single logs) so that predictable matching is difficult. Multiple grades and even species are mixed, and have to be sorted after cutting and transport. Local lumber is air-dried and the moisture content is not predictable except by storage for a long period in a covered dry space. Since Namibia has such an arid climate, wood will eventually become rather dry even by air drying this way, but the woodworkers in the remote shops only know the dryness of wood by its feel and weight, which is an imprecise measure relative to the requirements of export markets.

Three primary woods are logged and cut. The most extensively used wood is locally referred to as kiatt, or dolfwood. It is relatively lightweight, dries quickly and is very workable with hand tools, somewhat similar to walnut in the U.S. This wood is used for everything from carvings to furniture and shows a lot of contrast from cream-colored sapwood to multi-colored heartwood. So it is possible to select for color and grain to create design effects. Most handcrafted furniture is made from this type of wood. Zambezi Teak is also native to Northeast Namibia, as well as to parts of Botswana and Zimbabwe, growing in open areas with deep Kalahari sand. The wood is varied in rich color and very fine, but not as plentiful as Kiatt. It is a denser wood useful for furniture made with small pieces, like slat design folding chairs. Another less common wood is called rosewood, and there are other species such as ebony available in small supplies.

Regarding the harvesting wood in Namibia, official government permits are used to control lumber cutting, processing, transport, and resale, and only a few trees can be cut on a single permit in Namibia. Issues of sustainability and ecological impact of logging are complex and beyond the scope of this report, but strict controls on cutting are in place. Evasion may be possible, but compliance is normal. Cutting is done by hand in small batches, which may minimize ecological

impact. Logs are not brought from the forests but are first cut into planks. It is easier to transport planks than logs.

The future plans for woodworking enterprises utilizing native woods will absolutely depend on forest management. It may be the case that expanded use of solid woods will have too large an impact, and designs may need to reflect this. The good news is that wood is unique amongst architectural materials in that it constantly renews itself when properly managed, and although the forested areas are limited, there are enviable native woods in Namibia and neighboring countries.

Imported raw materials include cotton and linen fabric as well as finished wood. Some newer, innovative products use scrap metal, wire, and beads. Supplies of these inputs are generally available, although in some cases new supply links may need to be developed if demand increases. For example, the telephone wire that goes into basket production is currently scrap wire and is already reported to be in short supply; expansion will probably require the importation and sale of wire specifically for this purpose. These new market chains could be taken care of by the artisanal cluster's intermediaries or by entrepreneurial producer groups.

Product Design Cycles and Innovation to Compete in Export Markets

Product development and design inputs are essential, along with skilled labor and abundant raw materials. These "knowledge-based" inputs should be geared to target markets, although there can be some overlaps in products for differing markets. To capture the greatest share of the market, products should be designed to fit into as many market streams as possible without compromising quality. For example, a well-designed wooden bowl can be targeted to the "tabletop" category in the export market, sold to tourists as a stand-alone product, and also sold to lodges in the local market. There are a number of products ready for the international market, but even these could use some product development inputs. But it is important to note that the skills base does exist, and producers need training and advice in using their skills to create products with greater market appeal.

There are a number of good designers in Namibia who are already doing solid product design for their own lines of products, such as Penduka, Casa Anin, Oshiwa Frames, etc. Though already quite good, there is a common aesthetic sensibility that should be expanded. The broader the aesthetic base the bigger will be the market reach. In addition, design inputs need to be better informed by a more precise understanding of what will succeed in targeted product markets.

Overall, the principal source of competitiveness arising from factor conditions is based primarily on the skills, experience and traditions of Namibian craftspeople. These sources of competitiveness need to be augmented with enhancements to the available equipment, with the necessary training to make its use effective, and with the introduction of more reliable means for drying of the harvested hardwoods used in craft making. Furthermore, there is a need to assess the long-term sustainability of supplies of wood and other natural factors of production, such as palm fronds. Given the fragility of the Namibian environment, it would appear that a strategy for cluster competitiveness based on serving high value markets with high quality products is more advisable than one based on the availability of raw materials and unskilled labor.

Increased access to training and communication will allow Namibian crafts persons to have broader choices of where they want to work, and how to integrate work and life. It will permit those who have the desire to learn conventions from other cultures, profit from this knowledge, and contribute

new ideas. This is already happening in shops and vocational centers. All crafts persons will gain an advantage from greater exposure and sharing of knowledge and technique. Therefore it is most important to assist efforts in connecting Namibian crafts persons of all types by means of training, establishing quality standards, and sharing of techniques and creative design. Such focused training is particularly effective when presented in a hands-on workshop format.

Cluster Foundations and Business-to-Business Linkages

The artisanal cluster has many of the most important elements to become competitive and dynamic. What are missing are the elements that create successful relationships that take the existing diverse elements and form an economic cluster. Upstream and downstream linkages are poorly formed in the crafts and artisanal cluster in Namibia. Communication between producers and among market intermediaries is weak. The low level of market development and lack of international visibility mean that it is hard for all producers to compete in export markets. There are a number of significant potential synergies that must be formed and nurtured to create successful SMEs in the artisanal cluster. Fortunately, Namibia has a strong foundation of institutions to begin to build these synergies.



The Competitive Cluster
Fitting it all Together

Retail Firms

Retail firms are the pivotal players in this cluster, handling backward linkages to producers and forward linkages to markets. They provide training to producers, financing in terms of giving advances for production as well as raw materials, they access and service a variety of clients and they move products from villages to commercial centers.

Growth

The cluster is at the point of growth. Many producers have access to skills training, retail firms are stretched to their maximum current capacity, many products are market ready, buyers are looking to expand purchases and there is an infrastructure that can support growth.

Seizing the Moment

In order to seize the moment and strengthen the cluster's capacity to expand, the retail firms and supportive NGOs should be assisted to put growth mechanisms in place.

There are a number of small businesses and NGOs in the cluster that are selling primarily to local markets and doing small scale exporting to retail shops. These businesses currently do not undertake any coordinated efforts to access larger markets and achieve some scale, although a number have expressed interest. Mud Hut Traders is the leading example of a group that is working to create some of the conditions of a successful cluster; they have historically been active in training producers in quality production.

Another key cluster organization is Women's Action for Development (WAD). Though artisanal activities are not their primary focus, they have strong community organizations, training programs and the support of local women. They have also been successful in developing solid savings and micro-credit groups among women. They could collaborate in training groups of women to begin producing for the artisanal and craft export intermediaries. They could also collaborate in training for basic business skills and even identifying and mentoring women with leadership and entrepreneurial talents. Women in the WAD groups are already being trained in sewing and they could be trained for other identified specialty markets.

Another important issue in the emergence of competitive artisanal cluster is the cooperation among competitors, both producers working in the same segments and rival exporters. For example, if an exporter gets an order that cannot be filled on time, competitors could help fill the order in order to brand Namibia as a country able to meet market demands rather than brand themselves individually only. Similarly, two exporters may decide to share a shipping container in order to reduce shipping expenses. As yet, this concept of cooperation among competitors is missing among firms in the cluster. Even the few more sophisticated entities see competition as a zero-sum game in which one entrepreneur's gain is seen as another's loss. As a result, there is almost no firm-to-firm cooperation unless the cooperating firms are connected by family ties. These conditions preclude the rapid emergence of dynamic business linkages between firms in the cluster and their markets because the buyers are a relatively small group of persons who brand a country's products and services by the name of the country and if one shipper sends poor quality product, the buyer rejects all future products from Namibia. This phenomenon is often known as the "rotten-apple in the barrel syndrome" which could become more prevalent in Namibia because in some buyers' markets, they would be seen as the newcomer and they are also physically distant from many export buyers' markets.

The cluster as a whole has no identity in the international market. This is in large part why buyers do not come to Namibia. For the buying community, many countries are known for key products: such as Ghana for kente, wood products and bronze, Mali for textiles and woodcarvings, Zimbabwe for baskets and metal sculpture, etc. There is definitely a Namibian product base that can be developed in a relatively short period of time, building on what is already being produced.

Building a Namibian Identity is one of the most important elements needed for enhancing cluster competitiveness, especially for the international market. By creating and promoting a market identity for Namibia through inter-firm collaboration, buyers will begin to recognize the Namibian artisanal cluster as a source for profitable product supplies for their markets. This will be a slow process because the entire cluster must be reinforced, starting with product development through developing a solid distribution chain to accessing markets. Building this identity ties in with association building, because a good association can be critical in raising awareness and fostering cooperation among producers, intermediaries, and NGOs. In this regard, all market participants should work together to present to the buying world a dynamic, varied and unique Namibian artisanal cluster that through its quality, diversity and uniqueness will inspire major buyers to begin exporting from Namibia. International buyers could then maximize their investment of time, effort, and resources by being able to purchase a variety of products at reasonable prices during a visit of only a few days.

In addition cluster players need to understand the importance of embracing competition and the need to work together. In order for major buyers to begin serious buying in Namibia there must be a vibrant and dynamic selling cluster where the buyer has many choices and a variety of opportunities. No significant buyer will consider making an investment in a new country unless there are enough resources to support his/her various needs. The Crafts Center in Windhoek is a good first step. But sellers need to understand that the more competition there is, the better it is for everyone, because a dynamic, active cluster will have the power and appeal to draw larger numbers of significant buyers.

Enhanced SME Competitiveness in the Crafts and Artisanal Cluster

Namibian artisans in all segments of the cluster (woodworking, embroidery, jewelry, etc.) need better information about designs that will be competitive in their key target markets. Ideally, an entrepreneurial intermediary segment within the cluster would supply the needed design and development expertise.

However, designs need to be improved at the same time that the intermediary segment is developed in Namibia.

Although the best designs result from a market-led basis, prototypes must be developed in order to determine and attract demand. Since Namibia has few wholesale export markets, it is best to go into large-scale production only on demand (i.e. per order) basis. For the local tourist market products can be tested in select markets before production is scaled-up. Product development is usually accomplished with

the designers working directly with the agents or exporters together working with producers. The agents and exporters are key elements of this process, because they will ultimately assume product risk at the ultimate market. Generally new products go through three generations of development before they are market ready. Once a product is established in a high-value market place, new production must be in the “innovation” pipeline, because competitors will soon copy the successful product and drive its prices down to the lowest cost producer.

Key Strategies:

- *Recognize Market Opportunities*
- *Identify firms with strong potential*
- *Strengthen factors of production*
- *Build linkages among entrepreneurs*
- *Build linkages to tourism cluster*
- *Establish a Namibian Identity with Quality Products*

Product Development for the Export Market

Export market for this report refers to medium and large-scale wholesale importers in rich countries in the Northern Hemisphere. Individual shops from overseas that purchase in-country are a different category of buyer and will often buy the same products as the wholesale importer, but in much smaller quantities. Though wholesale exporters often purchase at lower prices, they buy in large quantities and with regularity. Product development for the wholesale export market should be done in categories and product lines. An importer from the Northern hemisphere rarely purchases stand-alone products, but rather prefers to purchase a line of inter-related products, such as a line of desktop products, rather than a diskette box or penholder without the whole range of accompanying products. Also, the export market often focuses on product categories such as garden accessories, tabletop, museum gifts, lamps, or accessory furniture, and products should be developed with key categories for target markets in mind. Pricing is crucial in determining product marketability and products should be developed in line with competitive pricing structures.

Baskets from Namibia can, however, be marketed as stand-alone products because buyers often have a range of baskets from different countries in their lines already, and so one or two baskets can

be added to their general basket line. But, to enhance sales, varieties of basket styles, designs, and sizes tend to increase sales. Therefore, the basket segment in Namibia's artisanal cluster would also benefit from more effective linkages to international exporters and designers to maintain a continuous cycle of innovation.

Product Development for Tourist Markets

The retail shops in cities or in lodges and hotels that sell crafts items to the tourist trade carry very few Namibian crafts. They say that it is difficult to get quality Namibian crafts at competitive prices. These local retail shops are primarily importers of foreign crafts rather than sellers of Namibian crafts. Without market access it is very difficult for producers to improve their products, expand their lines, or increase production capacity. Yet no one seems to be playing the role of intermediary entrepreneur for the artisanal cluster in attempting to serve the tourist market through local shops in hotels or lodges.

The tourist shops mainly sell "souvenirs" and "curios", but few sell higher-end quality products. There are some exclusive shops that sell high-end expensive kudu and ostrich skin leather wearable accessories and clothing. There is a huge gap in the product stream. A middle range product category needs to be developed that is much more refined than typical souvenirs with a variety of price-points and which includes products that tourists would buy because of their inherent beauty, appeal and usefulness. Typically souvenirs are purchased as mementos of a holiday, but many tourists that will make the investment to come to Namibia have the resources and education to want to purchase products with inherent value, not just a trinket.

Product development inputs for the tourist market could help address this product gap, middle to higher end stand-alone products that people purchase because they love the product, (and also because it reminds them of their holiday). The products should be distinctive and utilitarian (utilitarian products are often more marketable than simply decorative ones). For example, wooden bowls are commonly seen in tourist markets. They are all basically the same shape, thickness, etc. Very simple product development inputs would change those bowls into elegant, unusual bowls that could be used as centerpieces because of the inherent design and shape. They could be smaller in size and command twice the price simply with a few design inputs. And, by introducing a few new and creative designs into the market, producers will be inspired to continue working along those lines to develop even more designs.

Another product development avenue for the tourist market is the development of gift packages. Small or medium-sized gift packages can be developed with minimal product development inputs. A gift package is a thematic presentation of various products in a self-contained unit. The advantage of a gift pack is that it draws on products from a number of segments and appeals to buyers who want an easy and attractive gift item. For example, a line of *Spa Namibia* products could be developed using locally made soaps, body oils, creams and fragrances. Each product would be individually wrapped and attractively labeled and set in a locally made basket, ostrich egg shell or clay pot, and tied with a local raffia ribbon. Other gift packages could include *Gourmet Namibia*, *Kids Namibia*, etc. Additionally, if one is marketing a *Spa Namibia* gift package, a hand made embroidered bathrobe or towel or bath slippers can be sold along with it. Product groupings are a good way to extend sales to a single buyer. (Product groupings are different from specific lines because lines have a consistent color/pattern theme, whereas groupings are related by usage).

Product Development for the Local Market

Products for the local market should be developed according to market gaps and needs. The competition for this market is industrially produced products that are imported from South Africa; therefore, the artisanal products must be of high quality and distinctive design in order to gain access to the market. For hotels, restaurants and other hospitality venues, prototypes can be made and production done on demand.

The Distribution System

The Namibian economy enjoys the benefit of strong organization and order in its logistic infrastructure. This is a great asset in business dealings and this quality should be used to its maximum benefit in the artisanal cluster, which in other countries is often wrought with problems because of the lack of logistic systems and reliable business practices. Namibia has the perfect environment to develop distributorships both for tourist and export markets. The development of businesses that supply the cluster with an organized system of collection and distribution of artisanal products should be strongly encouraged.

Growth Mechanisms

1. Support to NGOs and firms offering workshop-oriented technical training for products with excessive demand
2. Mentor budding market intermediaries
3. Association building to encourage collaboration, or “cooperate to compete”
4. Help build cross-cluster linkages in order to increase domestic market demand for Namibian products
5. Link to new markets of size and scale appropriate to cluster capacity

Very few tourist lodges sell Namibian made artifacts (or any artifacts at all, for that matter). Entrepreneurs should be encouraged and mentored in establishing a business of selling Namibian crafts through the high-end hospitality venues. One approach would be through setting up elegant gift kiosks in tourist lodges. These would be freestanding self-contained shelving units displaying high-end Namibian products. The kiosk

and products would be serviced by an SME distributor. Products would come with informational hangtags to increase tourist appeal and indicate pricing. The “kiosks” would be well designed with an attractive sign saying “Made in Namibia” or something similar. The inventory would be managed by the distributor (possibly computerized). The Lodge would be responsible for the products and for managing sales. The selling price would include a significant margin for the lodges (a 100% mark-up is typical for retail outlets). What is important is that the system be efficient and easy for the lodges to operate, as well as being profitable.

Establishing an International Identity

SMEs in the artisanal cluster would benefit greatly from a uniquely Namibian collective identity for the country's products. Ultimately, this will depend on the production of high-quality, creative products. One way to foster this identity is to see how other African countries have developed their identities in a market situation. In these countries they would see developed artisanal sectors and production workshops that have few resources (such as electricity) and which have grown and are actively serving international markets.

The best way to establish a brand identity is to consistently deliver high quality products to the buyers at the agreed prices and volumes. The following tables summarize the artisanal products that are ready (or near ready) for marketing into the three target markets—local, tourist and export. Table 1 presents the products that are ready for marketing with few design and production enhancements. The enhancement of competitiveness in these product lines would be focused primarily on development of market linkages and logistic management. Other products that require design inputs and further development of production methods to sustain higher volumes of output in order to attract international buyers are presented in Table 2.

The artisanal crafts cluster has high market potential for numerous products that are made with high skill by Namibian artisans. Some of these products need development in terms of design characteristics and in some cases in the selection of material inputs. Additionally, production schemes and techniques need to be organized and managed so as to sustain larger volumes of output with reliable production runs in order to meet export demands. The cluster has the potential to increase incomes significantly for many of the workers and entrepreneurs already engaged in artisanal production. The most important need in the cluster is to develop an effective distribution system to collect products from individual small scale artisan production enterprises and to assemble volumes of uniform quality in order to satisfy export market commitments and commitments to local tourist outlets. The tables, therefore, summarize a cluster competitiveness strategy that is built on two main thrusts—product design enhancements and development of marketing and logistic linkages.

Table 1: Tier One – Products nearly ready to enter export markets

Product	Production Location	Description	Target Markets	Strengths	Constraints	Distribution Channels	Possible SMECEP Inputs
Baskets	Oshakati Region	Coiled, with or without design	Tourist and Export	<ul style="list-style-type: none"> - Large number of women producers - Groups already organized - Minimal material costs - High skill level - Easy to pack and ship 	<ul style="list-style-type: none"> - Few agents to bring product to market - Quality control a problem - Slow production - Low selling price - Similar baskets done throughout Africa 	<ul style="list-style-type: none"> Local Vendors and low volume exporters Informal selling in South Africa. 	<ul style="list-style-type: none"> - Help develop capacity of independent selling/export agent (must be linked to a variety of products) - Market test products to US wholesalers - Product development inputs - Identify collection agents - Investigate other color options (dyes, threads, etc)
Baskets	Caprivi Region	Woven and coiled	Tourist and Export	<ul style="list-style-type: none"> - Large number of producers Vendors already in place - Minimal material costs - Easy to pack and ship 	<ul style="list-style-type: none"> - Similar baskets from other countries in southern Africa - Shipping from Caprivi may be expensive 	Local NGOs And Vendors	<ul style="list-style-type: none"> - Market Test products in US - Product Development for US - Capacity building for increased production - Assist with management inputs for distribution - Help link to tourist markets - Analysis of sustainability of raw materials

Product	Production Location	Description	Target Markets	Strengths	Constraints	Distribution Channels	Possible SMECEP Inputs
Artisanal Textiles	Windhoek Swakop	Imported cotton and linen embroidered mostly bed and table linens	Tourist, local and export	<ul style="list-style-type: none"> - Large number of producers already trained - High quality products - High local market visibility 	<ul style="list-style-type: none"> - Raw materials expensive (for export market) - More demand than can be met - Work is very time consuming - High loss of trained workers to AIDS 	Casa Anin Penduka Others	<ul style="list-style-type: none"> - Market test products in US - Assist with volume production capacity building - Link with International buyers - Link with tourist market agents - Assist with accessing raw materials
Wood Products	Rundu, Okahandja	Wood home accessories such as boxes, frames, trays, etc.	Tourist, local and export	<ul style="list-style-type: none"> - Large number of producers - Products already market ready - Large variety of products to access wide range of buyers 	<ul style="list-style-type: none"> - Expense of transport - Could use more tools - Availability of dried wood - Availability of wood - Need better marketing and market links 	<ul style="list-style-type: none"> - Co-op show-room, Rundu open markets - Street Vendors Determine if there are others 	<ul style="list-style-type: none"> - Link with exporters and upscale tourist vendors - Help organize multiple producers to transport as a group to save on shipping costs - Develop mentoring relationship with quality control specialists - Determine if drying kiln is feasible and feasibility study of sustainability of raw materials

Product	Production Location	Description	Target Markets	Strengths	Constraints	Distribution Channels	Possible SMECEP Inputs
Wood Products Carved	Rundu, Okahandja	Bowls, spoons, animals, canes, figures, etc.	Tourist Export	<ul style="list-style-type: none"> - Large number of producers - High skill level - Good wood available 	<ul style="list-style-type: none"> - Need training in high-end design and more variety - Intense international competition - Air dried wood - Need better marketing and market links 	<ul style="list-style-type: none"> - Co-op show-room, Rundu open markets - Street Vendors 	<ul style="list-style-type: none"> - Link with exporters and upscale tourist vendors - Help organize multiple producers to transport as a group to save on shipping costs - Develop mentoring relationship with quality control specialists - Determine if drying kiln is feasible - Feasibility study of sustainability of raw materials
Wood Furniture	Rundu, Okahandja, Windhoek	Furniture	Local	<ul style="list-style-type: none"> - Good designs - Many producers - Easy to train 	<ul style="list-style-type: none"> - Expense of transport - Dried wood - Availability of wood - Improved tools - Needs some training mentoring in technical skills - Need marketing linkages 	<ul style="list-style-type: none"> - Co-op show-room, Rundu open markets Determine if there are others 	<ul style="list-style-type: none"> - Assist in marketing efforts/linkages - Help organize multiple producers to transport as a group to save on shipping costs - Develop mentoring relationship with quality control specialists - Determine if drying kiln is feasible - conduct feasibility study of sustainability of raw materials

Product	Production Location	Description	Target Markets	Strengths	Constraints	Distribution Channels	Possible SMECEP Inputs
Marula Nut Products	North	Multiple uses	Tourist Export	<ul style="list-style-type: none"> - Strong skill base - Many producers - Readily available raw materials - Easy to transport 	<ul style="list-style-type: none"> - Low return per item 	Various throughout country	Marketing links
Sand Candles	Prisons	Candles with sand designs	Tourist Export	<ul style="list-style-type: none"> - Already producing attractive products - Good social story for “hangtags 	<ul style="list-style-type: none"> - Expand designs and product base - Must assess pricing and costing basis <p>Supply problems</p>	Local NGOs	<ul style="list-style-type: none"> - Product design - Market test in US - Volume production capacity building - Assist an SME to make wax candles of consistent quality that compete with RSA inputs used currently

Table 2: Tier Two – Products that have very strong market potential though will need some inputs in order to be market ready

Product	Production Location	Description	Target market	Distribution Channels	Needed inputs	Strengths	Possible SMECEP Inputs
Body Oils, soaps, etc.	Various	Oils, creams and soaps, “Spa Namibia”	Tourist Perhaps export later	CRIAA Determine if there are others	- Gift Packaging - Product testing - Improve production capacity - Hangtags	- Easy gift item	Work with CRIAA to increase production capacity - Identify other artisanal producers
Karakul Rugs	Windhoek, Swakopmund	Hand spun and woven wool rugs	Tourist Local	- Karakulia in Swakopmund - Namibia Weaving Project in Katatura - Others	Pricing/costing analysis for export market - Methods to soften wool	- Well trained producers - Already in tourist market - Availability of raw materials - Semi-industrial production	- Pricing and costing analysis - Carpet specialist to determine methods to make softer and thinner carpets - New market linkages
Leather Products – Himba	Himba Land	Making mostly small wearable items, often mixed with inlaid metal	Tourist Export	Small retail sales	- Design inputs to transform traditional products into marketable wearable and home accessories	- High skill level - Beautiful, strong leather - Unusual and marketable techniques with metal	Product development for marketable products - Linking to viable distribution chain

Product	Production Location	Description	Target market	Distribution Channels	Needed inputs	Strengths	Possible SMECEP Inputs
Metal furniture and home accessories	Various	Currently making burglar bars, can use same techniques to make furniture, lamps and home accessories	Local Tourist (for smaller items) Export (later)	Informal	<ul style="list-style-type: none"> - Technical and design training for skilled producers (welders and smiths) - Shipping problems Identifying producers working in groups 	<ul style="list-style-type: none"> - Can link with wood, leather or raffia for furniture construction - Can market as outdoor or indoor product lines - Local market not saturated 	<ul style="list-style-type: none"> - Identify local producers with potential - Market linkages, especially to hotels and businesses - Assistance in accessing funds for tools and raw materials
Ostrich Egg products	Various	Currently being made into candles, display pieces, lamps, etc	Tourist Export	Various	<ul style="list-style-type: none"> - Product design - Use as gift packaging - Move into other colors and images 	<ul style="list-style-type: none"> - Unusual - Durable - Many producers 	<ul style="list-style-type: none"> - Product development to create designs geared to high end market - Market test in export market
Ostrich Egg Beads	Kalahari	Currently small, used in ethnic (low-value) jewelry	Tourist Export	Various informal	<ul style="list-style-type: none"> - Product design - Mixed with leather or textile accessories 	<ul style="list-style-type: none"> - Readily available - Good price points - Easy to make products 	<ul style="list-style-type: none"> - Market linkages for new products chain

Product	Production Location	Description	Target market	Distribution Channels	Needed inputs	Strengths	Possible SMECEP Inputs
Fabric painting	Various,	Currently doing large tablecloth sized pieces and wall hangings, aprons and some placemats	Tourist Export Local	Mud Hut Casa Anin Penduka Others	Need to make textiles into more value added products - Smaller products for tourist market - Market specific products, such as with logo of Etosha or Namibia for tourist market - Use other fabric bases Pricing/costin g analysis for export market lines	- Organized by Mud Hut, can provide design help with guidance from designers from target markets - Attractive designs already used - Versatile product base (can be used for wide variety of products) - Has distribution outlet with Mud Hut	- Product development to make up-scale utilitarian products - Improving of techniques to make softer textile - Linking production to other sectors such as furniture and leather - Assist in accessing other markets - Market test products in US - Introduce to interior design market
Artisanal food items or “Gourmet Namibia”	Various	Biltong Marula Jam Nuts Dates Dried Fruits	Tourist	N/A	- Needs to be vacuum packed or packed in small jars	- Popular category - Easy to package	- Identify and mentor entrepreneur to do gift packaging as a business
Children’s Clothing Can be part of “Kids Namibia”	Various	Wide variety of homemade specialty items, such as safari outfits, dresses with animals, etc	Tourist	Local retail shops	- Design inputs - Good marketing strategy	- Great ‘grandparents’ gifts - Can be linked or packaged with other kids items, such as artisanal games, etc.	-Product development - Identify and mentor entrepreneur to do gift packaging as a business - Assist with packaging and labeling - Merge with distribution system